



Minutes of a meeting of the **Scottish Borders Health and Social Care Integration Joint Board Audit Committee** held on Monday 26th September 2016 at 3.45pm in Committee Room 3, Scottish Borders Council, Newtown St Boswells.

Present: Cllr J Mitchell Mr J Raine
Mr D Davidson

In Attendance: Mr P McMenamin Mrs J Stacey
Mrs S Manion Miss I Bishop
Mr H Harvie, KPMG

1. Appointment of Chairman: Mr John Raine proposed Cllr John Mitchell as Chair of the Committee. Mr David Davidson seconded the proposal.

Cllr John Mitchell was formally appointed Chair of the Scottish Borders Health and Social Care Integration Joint Board Audit Committee.

2. Apologies and Announcements

Apologies had been received from Cllr Graham Garvie.

The Chair confirmed the meeting was quorate.

The Chair welcomed members of the Committee to the first meeting.

The Chair welcomed Mr Hugh Harvey from KPMG to the meeting.

3. Declarations of Interest

The Chair sought any verbal declarations of interest pertaining to items on the agenda.

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted there were none.

4. Scottish Borders Health and Social Care Integration Joint Board Internal Audit Annual Plan 2016/17

Mrs Jill Stacey spoke of the proposed strategic priorities for the delivery of Internal Audit assurance and support services, as well as the proposed Internal Audit programme of work for 2016/17 to enable preparation of an annual internal audit opinion on the adequacy of the arrangements for risk management, governance and control of the delegated resources. She further commented on financial governance, and governance arrangements around the Integrated Care Fund.

The Chair enquired if 35 days was an adequate period and sought assurance that all staff involved were suitably qualified. Mrs Stacey confirmed that 35 days should be adequate for the specified work, with the proviso of some flexibility if required. In terms of assurance she advised that core audit resources in both Scottish Borders Council and NHS Borders would be utilised, and confirmed that 3 senior auditors would be used in the first instance, all of which were fully qualified.

Mr David Davidson recorded that an informal meeting had taken place the previous week where a desire had been expressed for information to be received on a selective basis from the audit systems in both Scottish Borders Council and NHS Borders. He suggested a meeting be called between the respective Audit Committee Chairs to filter out what it was that the Scottish Borders Health & Social Care Integration Joint Board needed to look at. He suggested Mr Paul McMenamin be nominated as the gateway for information gathering from both organisations.

Mr John Raine commented that in regard to the Internal Audit Annual Plan it would be premature in the first year to distil much evidence as to whether outcomes were being achieved and whether resources were being shifted as that would take place over time. He suggested Internal Audit may prefer to do a stock check on achieving those priorities and in terms of governance see to what extent they were being achieved.

Mrs Susan Manion welcomed Mr Raine's suggestion and advised that in preparation an appropriate performance management process was required to ensure progress could be demonstrated.

Further discussion focused on: review of the integrated care fund; review of social care monies; robustness of financial governance arrangements; review how commissioning actually rolls out and how directions are provided.

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** approved the Internal Audit Annual Plan 2016/17 for Scottish Borders Health and Social Care Integration Joint Board as detailed in Appendix 1 of the report.

5. Scottish Borders Health and Social Care Integration Joint Board Annual Audit Report 2015/16

Mr Hugh Harvie gave an overview of the content of the annual audit report from the Health and Social Care Integration Joint Board's External Auditors, KPMG. He highlighted several elements including: financial transactions were limited as it was the first year accounts; confirmation of all appropriate disclosures; and section 4 contained areas beyond the financials.

The Chair welcomed the unqualified status of the accounts and suggested consideration be given to a build up of reserves in due course.

Mr Paul McMenamin suggested it would be remiss if he did not raise the matter of mitigation of the risk of associated and arising funding constraints and emerging pressures across the health and social care pathway.

A discussion then ensued and several comments were made including: reserve fund; development session on the role of the Audit Committee for lay members to understand its function in terms of money, delivery standards, etc; future annual accounts will show a more substantial flow of resource to and from the partnership; shared costs of the Chief Officer post; at the end of each financial year a cost payment resource transfer to a percentage share of people supporting the partnership, ie the Board Secretary, Chief Financial Officer, Head of Internal Audit, etc will be drawn up; and it was a requirement of the remuneration report was to show the pension contributions and accrued benefits of the named officers.

The Chair enquired about the audit committee membership arrangements as set out on page 12 and Mr McMenamain assured the Committee the statement was factually correct in terms of the audit committee having been established at that time, although it had not formally met.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** considered and approved the Annual Audit Report 2015/16.

Mrs Susan Manion left the meeting.

6. Scottish Borders Health and Social Care Integration Joint Board Annual Report and Accounts 2015/16

Mr Paul McMenamain gave an overview of the content of the pension fund annual report and statement of accounts for the year ended 31 March 2016.

Several issues were raised during discussion including: the revenue and capital financial planning process between Scottish Borders Council and NHS Borders; costed locality plans to demonstrate fair share of allocation of resources; final audit and risk arrangements to be presented to the October meeting of the Scottish Borders Health & Social Care Integration Joint Board; more technical elements to be put in place; and overall pleased with where the partnership were in compliance with legislation and guidance, although there was further work to be completed to demonstrate full compliance.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** considered the audited Health & Social Care Integration Joint Board (IJB) Statement of Accounts for the operating activities of the IJB from the period of its establishment (6 February 2016) to 31 March 2016, and approved the Accounts for signature by the appropriate individuals and for submission to the IJB.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** considered the conclusions and recommendations made within the IJB Annual Audit Report for the year-ended 31 March 2016 and the management actions identified in response, and recommended the Audit Report for submission to the IJB.

7. Scottish Borders Health and Social Care Integration Joint Board Financial Governance and Management

Mr Paul McMenamain gave an update on the financial governance and management arrangements, and progress made to date on compliance assessment with

legislation/recommended best practice within the Scottish Borders Health and Social Care Integration programme.

The Chair challenged the timescales for the 4 high risk areas identified within the IRAG guidance that required attention. Mr McMenamain advised that they related to the financial plan and he believed it would be an evolutionary process and would be guided by what would happen nationally.

Mr David Davidson suggested from a Health & Social Care Integration Joint Board perspective that the Health & Social Care Integration Joint Board would wish to be aware of what the partners were doing in terms of efficiencies and the potential impacts of those efficiency plans on each other and the services the Health & Social Care Integration Joint Board had commissioned.

Mr McMenamain commented that it was imperative that the process was not just cohesive but was integrated and the barriers caused by financial pressures would continue across all partners coupled to organisational planning differences and timeframes. He advised that periodic meetings between the 3 Financial Officers/Directors had been set up to discuss such issues and to harmonise processes so that the budget monitoring report would provide the budget position, pressures on the budget and a jointed up recovery and remedial plan. Mr Davidson thanked Mr McMenamain for his assurance.

Mr John Raine enquired how the high risk action on quality assurance on set aside budgets could be reduced. Mr McMenamain advised that he had not yet reviewed that element of the budget, however part of his role was one of due diligence on the wider integrated budget and whilst he knew what the global sum was he was not aware of how it was made up. He assured the Committee that he would complete the action by the end of March 2017 and that it would form part of the financial planning process for 2017.

The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE asked Mr McMenamain to bring an update report to the next meeting.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the further progress made to date in the development and implementation of the financial arrangements which were required to be in place across NHS Borders, Scottish Borders Council and the Health and Social Care Partnership.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the plan of actions for the remaining work requiring completion during the remainder of 2016/17

8. Accounts Commission reports 'Health and Social Care Integration'

Mrs Jill Stacey highlighted several key messages within the report including: looking at wider stakeholders; actions for Scottish Government in terms of leading a policy shift for health and social care integration; areas of risk around financial sustainability; financial management; national reports; and audit assignments.

The Chair sought clarity on whether the audit would look at the overspends on prescribing. Mrs Stacey advised that it would not as the Health & Social Care Integration Joint Board had commissioned NHS Borders to provide those services and therefore it would be for NHS Borders to resolve.

The Chair commented that the Health & Social Care Integration Joint Board may wish to challenge areas of overspend and seek assurance in regard to mitigation plans and actions.

Mr David Davidson assured the Committee that most of the difficulties with the prescribing budget were due to changing prices on the international market and not changes in prescribing habits. Mr John Raine confirmed that the Health Board had set different criteria and thresholds for prescribing but was unable to enforce them on GPs as they were independent contractors. He further advised the Committee that it was a national issue.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** considered and noted the key messages within the reports.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** asked that Mrs Stacey review the key recommendations within both reports and bring back an action plan and progress on each to the next meeting.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** asked that Mrs Stacey review the key recommendations within both reports and bring the recommendations to the attention of the Scottish Borders Health & Social Care Integration Joint Board at its December meeting.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** sought a self evaluation of the Scottish Borders Health & Social Care Integration Joint Board.

9. Any Other Business

9.1 Meeting Timetable: Mrs Jill Stacey suggested the Committee may wish to meet in March, June and September each year.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** agreed to meet in March, June and September each year and asked the Board Secretary to set the meeting dates.

9.2 External Auditors: Mr Hugh Harvie advised that it would be his last Scottish Borders Health & Social Care Integration Joint Board Audit Committee meeting as the external auditors were due for rotation. He confirmed the new external auditors for the partnership would be Audit Scotland.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** thanked Mr Harvie.

10. Date and Time of next meeting

The Chair confirmed that the next meeting of the Scottish Borders Health and Social Care Integration Joint Board Audit Committee would be held in March 2017.

The meeting concluded at 5.05pm.

Signature:
Chairman

DRAFT